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**BEFORE THE ARIZONA CORPORATION COMMISSION**

**COMMISSIONERS**

DOUG LITTLE, CHAIRMAN  
BOB BURNS  
TOM FORESE  
BOB STUMP  
ANDY TOBIN

Arizona Corporation Commission

**DOCKETED**

**JAN 19 2017**

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IN THE MATTER OF THE  
APPLICATION OF ARIZONA PUBLIC  
SERVICE COMPANY FOR A HEARING  
TO DETERMINE THE FAIR VALUE OF  
THE UTILITY PROPERTY OF THE  
COMPANY FOR RATEMAKING  
PURPOSES, TO FIX A JUST AND  
REASONABLE RATE OF RETURN  
THEREON, TO APPROVE RATE  
SCHEDULES DESIGNED TO DEVELOP  
SUCH RETURN.

DOCKET # E-01345A-16-0036

**MOTION TO COMPEL APS TO  
FULLY ANSWER WOODWARD'S  
DATA REQUEST # 2.19**

IN THE MATTER OF FUEL AND  
PURCHASED POWER PROCUREMENT  
AUDITS FOR ARIZONA PUBLIC  
SERVICE COMPANY

DOCKET # E-01345A-16-0123

Warren Woodward ("Woodward"), Intervenor in the above proceeding, hereby requests the Arizona Corporation Commission ("ACC") to compel Arizona Public Service Company ("APS") to comply with ACC Decision # 75047 by fully answering

Woodward's data request 2.19 ("2.19") which was made in the above proceeding.

## **BACKGROUND**

On December 15, 2017, Woodward received APS's response to his second set of data requests. APS's answer to 2.19 was classified as "COMPETITIVELY/HIGHLY CONFIDENTIAL."

On December 28, 2017, after speaking with Woodward, APS counsel Thomas Mumaw agreed to declassify all the responses made in 2.19 except for 2.19.b. Woodward was in agreement with that.

Also on December 28, 2017, Woodward requested that APS fully answer all the questions in 2.19, and Woodward supplied Mr. Mumaw with the reasons why Woodward thought the questions should be answered or why answers given were not satisfactory.

On January 12, 2017, Woodward was informed by Mr. Mumaw that APS would not be answering 2.19 any more than it already had.

## **ARGUMENT**

Preceding APS's specific responses to 2.19, APS stated:

APS asserts the following general objections which are incorporated into each of APS's responses to these requests. APS objects that these requests are overly broad and unduly burdensome and seek information that is irrelevant and not likely to lead to the discovery of admissible evidence. Notwithstanding these objections, APS responds as follows:

The costs of APS's "smart" grid, with which 2.19 deals, are very relevant to this rate case. Several of Woodward's data requests are based on costs outlined in ACC

Decision # 69736 but which were never investigated by the ACC. That Decision states:

“Costs of AMI can include the costs for the meters, meter installation, a Meter Data Management System, data management labor, communications, back office software and servers, the integration of the AMI system to other systems, repairs to customer equipment, and other associated costs.”

(p. 5, line 25, here:

<http://images.edocket.azcc.gov/docketpdf/0000075595.pdf>, emphasis added)

APS ratepayers and the ACC deserve to know the truth about all aspects of APS's “smart” meters, and Woodward, as an Intervenor and per ACC Decision # 75047, is entitled to conduct the “comprehensive review” of “the various issues that may surround smart meters.” (75047, FOF 16 & 17) Furthermore, as will be seen, Woodward's questions are specific and not “overly broad” as APS alleges. Nor are the questions “unduly burdensome” as APS alleges. The questions all involve costs of basic components of APS's “smart” grid. Of course APS knows those costs. What kind of company would go about such a vast undertaking without knowing the costs involved or keeping track of them? Additionally, even without ACC Decision # 75047, the costs that comprise the APS rate base are much of what this rate case is all about.

The answers Woodward seeks are also relevant because, in his direct testimony (at p. 42), Woodward, using simple arithmetic and APS's numbers of operational savings and the cost of installed “smart” meters, determined that, based on just those numbers alone, APS's financial break-even point on its “smart” meter expenditure is 43 and ½ years out into the future. Having the various “smart” grid related costs that were

requested in 2.19 figured into that break-even equation will no doubt push the break-even point much farther out into the future. The questions must be answered because APS has long made the case that its “smart” grid saves money and that customers who refuse “smart” meters therefore cost the company money, while Woodward has long made the case that it is in fact the vast and never ending costs of the “smart” grid that are costing *all customers* money, and to no benefit of those customers. The questions must be answered because APS is requesting a fee from those customers who have refused APS's “smart” meters. The answers APS must provide will further prove that APS's requested fee is unwarranted because customers who refuse “smart” meters are not causing costs greater than the more costly “smart” meter system. In fact, those customers who refuse “smart” meters are subsidizing an inferior, financially unsustainable system that those customers do not use! Per ACC Decision # 75047 (specifically Findings of Fact 5, 6 in particular, 16, 17 & 19), and to determine what is just and reasonable per A.R.S. § 40-361.A, both APS ratepayers and the ACC have a right to know how far out APS's “smart” grid financial break-even point really is, and, since neither the ACC Staff nor any other intervenors are asking these questions, APS must respond fully to Woodward.

Woodward will now explain why APS' specific responses are inadequate, starting with 2.19.e.

**Woodward:**

e. How much has APS spent on a “smart” meter data

management system since APS began installing “smart” meters? Break out by major component.

**APS Response:**

e. APS objects to this request as vague and ambiguous. APS does not have a specific “smart” meter data management system.

It appears APS is bantering semantics and playing a word game. In its responses that follow, f & g (see below), APS essentially acknowledges that it *does* have a data management system, else APS would have answered those questions the same as it answered question e.

f. Data management labor is not broken out by individual task; however, no additional staff was hired specifically as a result of installing smart meters.

g. APS’s labor is not broken out by data management tasks.

APS has data, tons of it every day from its “smart” meters. Indeed, APS's Barbara Lockwood said in her direct testimony that, this year and next, APS will be spending \$120 million on a new Customer Information System to “better take advantage of AMI data” (Lockwood direct testimony at p. 9). Woodward's question e also gains legitimacy from the previously mentioned ACC Decision # 69736 which states: “Costs of AMI can include ... a Meter Data Management System....” For APS to pretend it does not have a system to manage “smart” meter data is not believable. APS needs to fully answer question e.

APS's responses to the following questions, h through k, are not believable. There

is software associated with the “smart” grid. Indeed, according to the previously mentioned ACC Decision # 69736: “Costs of AMI can include ... back office software and servers....” Often, software vendors charge yearly licensing or other fees, and fees for upgrades and updates.

**Woodward:**

h. How much has APS spent on software and servers related to “smart” meter management since APS began installing “smart” meters?

**APS Response:**

h. APS does not account separately for software, services and IT costs related specifically to AMI meters.

**Woodward:**

i. What is the ongoing yearly cost for APS's software and servers related to “smart” meter management? Include software licensing fees.

**APS Response:**

i. See response to 2.19(h).

**Woodward:**

j. Is the software licensing fee based on a fixed fee or per unit cost, and are there annual software maintenance fees? If so, how much?

**APS Response:**

j. See response to 2.19(h).

**Woodward:**

k. Has APS been paying for software upgrades and updates since inception? If so, provide amount.

**APS Response:**

k. See response to 2.19(h).

In the following question, l, APS is bantering semantics again, and being evasive. There is nothing vague about the question. Before “smart” meters, APS had an analog metering system. With the installation of “smart” meters APS got a new system, a “smart” meter system, that APS would have had to integrate into its customer information system. That integration cost money. Woodward wants to know how much.

**Woodward:**

l. What did it cost to integrate APS's “smart” meter system with its customer information system?

**APS Response:**

l. See response to 2.19(h). APS also objects that “smart” meter system is vague.

Woodward's question l also gains legitimacy from ACC Decision # 69736 which states: “Costs of AMI can include ... the integration of the AMI system to other systems....”

APS's responses to the following questions m & n are not believable. It is simply not believable that APS does not know what the cybersecurity costs of its “smart” grid are.

**Woodward:**

m. What are the cybersecurity costs of APS's “smart” meter system and how much are they?

**APS Response:**

m. APS does not separately account for cyber security measures related to its metering systems. APS also objects to disclosing information about its cyber security controls.

**Woodward:**

n. Is APS's cybersecurity done in house or outsourced? In either event, break out yearly cost since 2005.

**APS Response:**

n. See response to 2.19(m).

Regarding the following question o, APS should have those specific costs from the time APS began installing “smart” meters. If we are to know what APS's “smart” grid cost, it is important to know those costs. Per ACC Decision # 75047, APS must answer the question.

**Woodward:**

o. How much has been spent [on] APS's “smart” meter mesh network communication system's field equipment (such as any routers or communication towers needed) since APS began installing “smart” meters?

**APS Response:**

o. The total cost of the equipment and installation in the Test Year was \$1.5M.

APS's response to question t (below) is another unbelievable response. It is not believable that APS does not know what the data storage of its “smart” grid costs, or that to find out would be “unduly burdensome.” If we are to know what APS's “smart” grid cost, it is important to know that cost. Per ACC Decision # 75047, APS must answer the question.

**Woodward:**

t. What does “smart” meter data storage cost? Give year by year costs since “smart” meters were installed by APS.

**APS Response:**

t. APS does not separately account for this information and to



identify it would be unduly burdensome.

Like previous questions APS has refused to answer, APS' response to question w is not believable. It is not believable that APS does not know what it spent on contractors or training, or that to find out would be "unduly burdensome." If we are to know what APS's "smart" grid cost, it is important to know that cost. Per ACC Decision # 75047, APS must answer the question.

**Woodward:**

w. Since installing "smart" meters, what has APS spent on outside contractors to install and maintain all aspects of the system as well as to train APS employees in various aspects of the system?

**APS Response:**

w. APS does not separately account for this information and to identify it would be unduly burdensome.

**CONCLUSION**

For all the reasons detailed above, APS must be compelled to fully answer *all* the questions of 2.19 that Woodward mentioned above in this Motion to Compel.

In addition, Woodward requests that, upon getting the answers he was denied, he be allowed to amend his previously filed Direct Testimony with an Addendum that would include the subject matter and issues of the data requests to which he was denied answers.

RESPECTFULLY SUBMITTED this 17<sup>th</sup> day of January, 2017.

By

A handwritten signature in black ink, appearing to read "Warren Woodward", written in a cursive style.

Warren Woodward  
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Original and 13 copies of the foregoing mailed on this 17<sup>th</sup> day of January, 2017 to:

Arizona Corporation Commission  
Docket Control  
1200 West Washington Street  
Phoenix, Arizona 85007

Copies of the foregoing mailed/e-mailed this 17<sup>th</sup> day of January, 2017 to:

**Service List**